

PIKE COUNTY PROJECT DEVELOPMENT BOARD

MEETING MINUTES

**Pike County Courthouse
Pikeville, Kentucky**

November 1, 2007, at 5:00 p.m.

**AOC CONSTRUCTION FILE
COUNTY: PIKE
FILE CODE: PDB1
SUBMITTED BY: JL
DATE: 12/12/07**

CHAIR: Judge/Executive Wayne T. Rutherford

MEMBERS OF THE BOARD PRESENT:

**City Manager/AOC Representative Donovan Blackburn
Circuit Judge Eddy Coleman
Circuit Court Clerk David Deskins
AOC Project Manager Jeff Lilly
Citizen at Large Hon. Charles E. Lowe, Jr.
District Judge Darrell Mullins
State Bar Association Representative Neal Smith**

OTHERS PRESENT:

**Bobby Branham, Executive Assistant to Judge/Executive
Rose Farley, Recorder
Jeanne Robinson, Executive Assistant to Judge/Executive**

MEMBER OF THE BOARD ABSENT:

Magistrate Jeff Anderson

Judge/Executive Wayne T. Rutherford, Chair of the Pike County Project Development Board, called to order a regularly scheduled meeting of the Board on November 1, 2007, at 5:00 p.m., in the Pike County Fiscal Courtroom, Pike County Courthouse, 146 Main Street, Pikeville, Kentucky. He announced that Judge Darrell Mullins was momentarily delayed but would be present.

Upon motion by Neal Smith and second by David Deskins, the Board unanimously APPROVED the meeting minutes for October 4 and October 17, 2007.

[Clerk's Note: Judge Darrell Mullins was temporarily delayed so his vote is not included in the approval of minutes.]

Jeff Lilly, AOC Project Manager, opened by introducing Ryan Barrow of Ross, Sinclair & Associates, who was present at the original interview. Mr. Barrow came to explain the process of general financing, how it is set up and about initiation of the Public Properties Corporation. He discussed the interim construction loan which will go through AOC. He said AOC would need hard numbers for property acquisition.

He explained that bonds are normally set for two years with the size of those bonds running about \$4.5 to \$5 million. He said this amount is usually kept off the county books and designated only as AOC projects. He said the Public Properties Corporation is set up through the fiscal court and the county to be used at the pleasure of the county.

Judge Rutherford asked if this would mean a separate set of books and Mr. Barrow said the project is technically reported on the county audit with the Public Properties Corporation being an extension of multiple properties. It is not reported on the debt capacity and does not go through the Governor's Office for Local Development. It is usually separate but must be reported for audit purposes. Judge Rutherford then asked Jeanne Robinson, his Executive Assistant, to instruct Rhonda James, Pike County Finance Commissioner, about how to set up the accounts. Mr. Barrow said typically, the bond counsel will go ahead and do the written work and also asked that Assistant Pike County Attorney R. Roland Case, Deputy Judge John Doug Hays and he be involved in that procedure.

Mr. Barrow said typically, a resolution is set up to begin the Public Properties Corporation and that could be done at the next court meeting. He said he would speak with the bond counsel which does that for the County. Attorney Case said there was some issue about whether there was a conflict with the Pike County Fiscal Court being a member of the corporation but he and Deputy Judge Hays had researched and found this to be permissible. He said there is typically a resolution to set this up and Judge Rutherford said it would be done at the next court meeting. Mr. Barrow said subsequent to that, the Fiscal Court should first pass a resolution to authorize issuance of the debt and the same body will authorize issuance of the debt. Neal Smith noted this is the same process used by school boards with financial corporations and Mr. Barrow agreed.

Mr. Barrow said he felt strongly this should never affect the County's ability to issue any other debt so the benefits outweigh this.

Mr. Lilly asked if a start date had been set for when Mr. Collier would actually begin work. Bobby Branham, Executive Assistant to Judge Rutherford, said Mr. Collier was out of town, had called him this evening and would be back Monday. He said Mr. Collier reported he had already contacted the PVA office and has some of his research done. Judge Eddy Coleman stated Mr. Collier had called him today and stated he had most of his information down. Mr. Collier told Mr. Branham that Judge Coleman had walked around town with him and that he would contact Mr. Smith. Mr. Smith, however, did not have any contact from Mr. Collier. Judge Coleman told the Board that Judge Steve Combs had said Mr. Collier had contacted Alcie Combs, one of the property owners.

Mr. Lilly introduced Michael Keir, Project Manager, who accompanied him to the meeting today, and stated Mr. Keir would be there if something prevented Mr. Lilly from coming. Judge Coleman said someone must speak with the property owners. Mr. Lilly said the property owners need to be approached before the appraisals come in. He said normally the property owners will know the appraisals are being done and hold to that sum. He said only the maximum sum on the appraisal may paid.

Judge Coleman expressed his feeling that a group should be selected from this Board and Mr. Lilly agreed that no one needs to be hired for this; that a Board member could speak with the property owners. Judge Coleman pointed out the non-elected

members of the Board might be considered more appropriate. He suggested City Manager Donovan Blackburn, Judge Charles E. Lowe, Jr., and Mr. Smith. Judge Rutherford said the only thing being done is obtaining a figure and a certified letter could be sent to the property owners who could return the letter stating a figure desired. Mr. Lilly said a higher figure is usually requested and Judge Coleman asked who should speak to the owners about a difference in what they really want and what they ask. Mr. Lilly responded that typically the Chair of the Board would negotiate the price.

Mr. Smith stressed the property owners should know the Board is not locked into a piece of property at this time. He suggested if the Board decides upon a certain piece of property, to ask what the owner would wish to sell for. Mr. Lilly said if the property is a preferred site, it is better to let the owners know up front, but if not, just ask what sum they would want. Donovan Blackburn stated the Board is not bound by fair market value; if the owner wants less, the Board pays less. Mr. Lilly said the amount may be paid under--and it is preferred to pay under--but no sum may be paid over the MAI appraisal.

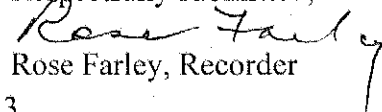
Judge Coleman stated Mr. Collier declared he had a duty to speak to the property owners and he asked if that were true, to which Mr. Lilly replied yes. When Judge Rutherford asked if the Board was under any obligation to tell the property owners what amount the appraisals are, Mr. Lilly answered no, but there is rarely an under. He emphasized that the appraisal is not for the property owner's benefit but for the Board's benefit. Mr. Blackburn suggested talking to the owners before the appraisal is done. Judge Rutherford said this meant the appraisal sum should be confidential. Mr. Lilly said legally, the Board might be unable to keep the figures confidential because owners will ask to see it and some boards might now desire to show them.

Judge Coleman said three people from this Board could be sent to talk to the owners personally. **Upon motion by Judge Eddy Coleman and second by Judge Darrell Mullins, the Board unanimously selected three (3) non-elected members to speak with property owners about sale sums with the three being Judge Charles E. Lowe, Jr., Donovan Blackburn and Neal Smith and for these selected members of the Board to go as a subcommittee to property owners for this purpose.** Ms. Robinson asked about negotiation during the meeting and Mr. Lilly said that was not wise.

Mr. Lilly said the appraisal reports must be completed soon, within the next two weeks by Mr. Collier, and he asked for copies to be sent to him. He said this would give Mr. Barrow a chance to examine the numbers, and the appraisals could be made available to the subcommittee. He suggested telling people the numbers from the appraisals are not yet in and he advised the subcommittee to refrain from looking at or examining the appraisals. Judge Coleman asked about discussing the numbers only in Executive Session, and Mr. Lilly said that was entirely correct.

Judge Rutherford called for adjournment and **upon motion by Neal Smith and second by Judge Darrell Mullins, the Board by acclamation voted to ADJOURN the meeting.**

Respectfully submitted,


Rose Farley, Recorder